



STATE OF ARKANSAS
**Department of Finance
and Administration**

**OFFICE OF THE DIRECTOR
Economic Analysis & Tax Research**
1509 West Seventh Street, Room 404
Post Office Box 3278
Little Rock, Arkansas 72203-3278
Phone: (501) 682-1688
Fax: (501) 682-1086
<http://www.dfa.arkansas.gov>

MEMORANDUM

TO: Larry Walther, Director
Tim Leathers, Deputy Director

FROM: John Shelnett, Economic Analysis & Tax Research

SUBJECT: **General Revenue Report for April (FY 2015)**

DATE: May 4, 2015

Copy: Governor's Office
Management Services

YEAR-TO-DATE REVENUE SUMMARY

Year-to-date Net Available General Revenues: Year-to-date net available general revenues total \$4,327.7 million, \$159.7 million or 3.8 percent above year ago levels. After ten months into the fiscal year, net available revenue is above forecast by \$163.8 million or 3.9 percent.

Year-to-date Gross General Revenues: Year-to-date gross collections total \$5,372.9 million, representing an increase of \$172.0 million or 3.3 percent above last year. Gross general revenues are above forecast by \$130.2 million or 2.5 percent.

Year-to-date Individual Income Taxes: Year-to-date individual income tax collections total \$2,710.1 million, \$89.3 million or 3.4 percent above last year's collections and \$46.8 million or 1.8 percent above forecast. Collections for individual withholding are up 1.9 percent from year ago levels.

Year-to-date individual income tax refunds total \$460.8 million, up \$9.1 million or 2.0 percent compared to last year and \$14.5 million or -3.0 percent below forecast. Refund amounts below forecast contribute to the bottom line, net available fund results.

Year-to-date Sales and Use Tax Collections: On a year-to-date basis, sales and use taxes total \$1,849.8 million, an increase of \$37.5 million or 2.1 percent from last year and \$18.6 million or 1.0 percent above forecast.

Year-to-date Corporate Income Taxes: Year-to-date corporate revenues total \$404.1 million, an increase of \$37.1 million or 10.1 percent from the comparable period in the prior year. Corporate income is above forecast by \$58.1 million or 16.8 percent.

Year-to-date corporate income tax refunds total \$40.0 million, a decrease of \$15.2 million compared to the same year-to-date period last year.

APRIL REVENUE SUMMARY

April Net Available General Revenues total \$624.0 million, \$53.8 million or 9.4 percent above last year and \$82.4 million or 15.2 percent above forecast.

Results in April, the largest collection month of the year, were above forecast in all major categories of gross collections. In addition, refunds in both Individual and Corporate Income tax were less than expected.

Individual Income tax collections contributed \$41.9 million above forecast in April, as tax filings with payments grew by double-digit amounts compared to the prior year. The gain was partly offset by a decrease in Withholding tax, reflecting the shifts in payroll withholding rates identified in recent months.

Corporate Income tax receipts were better than expected in April, contributing \$23.1 million above forecast. This is attributable to variances in corporate filings compared to expected monthly filing patterns.

Sales and Use tax revenue rose 4.0 percent compared to year ago and 3.0 percent above forecast, as part of a rebound effect from weather-related declines in the prior month.

Among smaller revenue sources, tobacco tax collections were above forecast and year ago levels. Gaming results were 25.3 percent above year ago collections and 17.8 percent above forecast.

April Gross General Revenues: April collections total \$801.2 million, an increase of \$56.5 million or 7.6 percent above last year and \$73.4 million or 10.1 percent above forecast.

April Individual Income Tax collections total \$510.1 million. Collections increased by \$43.5 million, or 9.3 percent compared to last year. With respect to the forecast, collections were \$41.9 million or 8.9 percent above forecast. Individual withholding decreased -3.3 percent compared to last year, reflecting shifts in payroll withholding rates.

April Individual Income Tax Refunds total \$110.7 million, \$0.1 million or -0.1 percent below last year and \$6.7 million below forecast.

April Sales and Use Tax Collections: April collections total \$190.0 million, an increase of \$7.3 million or 4.0 percent from last year. Collections were above monthly forecast levels by \$5.6 million or 3.0 percent.

April Corporate Income Tax collections total \$66.5 million, an increase of \$5.3 million from year ago, and \$23.1 million or 53.1 percent above forecast.

April Corporate Income Tax Refunds total \$4.6 million. This amount is \$1.1 million below year ago levels.

April Tobacco Tax collections, a smaller component of general revenue in annual terms, total \$19.6 million. Collections increased by \$0.4 million or 1.9 percent from year ago levels and were above forecast by \$3.2 million. Monthly changes in tobacco tax collections can be attributed to uneven patterns of stamp sales to wholesale purchasers.

SPECIAL REVENUES OF NOTE

Year-to-date Soft Drink Tax (for Medicaid Program Trust Fund): Year-to-date collections of the dedicated soft drink tax total \$34.8 million, a decrease of -5.1 percent from last year.

Educational Adequacy Fund: Act 107 of the Second Extraordinary Session of 2003 increased the state sales and use tax rate from 5.125% to 6.0%, effective March 1, 2004. Effective July 1, 2004 a new sales tax on selected services went into effect in addition to an increase in vending machine decal fees. Act 94 increased the minimum corporate franchise tax and the tax rate, effective for calendar years beginning January 1, 2004.

The additional revenues are deposited as special revenues to the Educational Adequacy Fund to be used to fulfill the financial obligations of the state to provide an adequate educational system. In April 2015, \$42.6 million was collected and deposited to the fund. After deductions, the net amount is \$41.3 million. The monthly collection is equivalent to a 3.1 percent increase from prior year collections.

YEAR TO DATE REPORT, APRIL 2015
(PREPARED BY ECONOMIC ANALYSIS AND TAX RESEARCH, DFA)

THROUGH APRIL 2015
10 Months YTD
Forecast Date: 11/13/2014

MILLIONS OF DOLLARS

	CURRENT YEAR				CURRENT YEAR TO DATE				ACTUAL AS % OF FORECAST
	ACTUAL FY 2014	FORECAST FY 2015	INCREASE AMOUNT	INCREASE PERCENT	ACTUAL FY 2014	ACTUAL FY 2015	INCREASE AMOUNT	INCREASE PERCENT	
INDIVIDUAL INCOME	2,620.8	2,663.3	42.5	1.6	2,620.8	2,710.1	89.3	3.4	101.8
CORPORATE INCOME	367.0	346.0	-21.0	-5.7	367.0	404.1	37.1	10.1	116.8
SALES AND USE	1,812.3	1,831.2	18.9	1.0	1,812.3	1,849.8	37.5	2.1	101.0
ALCOHOLIC BEVERAGE	41.9	42.6	0.7	1.8	41.9	43.1	1.3	3.1	101.3
TOBACCO	181.7	176.1	-5.6	-3.1	181.7	182.0	0.3	0.2	103.3
INSURANCE	67.3	67.7	0.4	0.6	67.3	67.4	0.1	0.1	99.5
RACING	2.6	2.5	-0.1	-2.6	2.6	2.3	-0.2	-9.4	93.1
GAMES OF SKILL	32.5	35.4	2.9	9.0	32.5	38.2	5.8	17.8	108.0
MISCELLANEOUS ¹	75.0	77.9	2.9	3.9	75.0	75.8	0.8	1.0	97.3
TOTAL GROSS	5,200.9	5,242.7	41.8	0.8	5,200.9	5,372.9	172.0	3.3	102.5
LESS: SCSF/COF ²	171.6	167.8	-3.8	-2.2	171.6	171.9	0.3	0.2	102.5
IND INCOME TAX REFUNDS	451.8	475.3	23.5	5.2	451.8	460.8	9.1	2.0	97.0
CORP INCOME TAX REFUNDS	55.2	54.8	-0.4	-0.7	55.2	40.0	-15.2	-27.5	73.0
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	9.5	18.6	9.1	95.2	9.5	10.1	0.6	6.2	54.4
WATER/SEWER BONDS	12.4	12.4	0.0	0.0	12.4	12.4	0.0	0.0	100.0
COLLEGE SAVINGS BONDS	5.3	5.2	-0.1	-2.6	5.3	5.2	-0.1	-2.4	100.2
CITY/CO. TOURIST	2.8	2.8	0.0	-0.2	2.8	2.8	0.0	-0.2	100.0
SCHOOL DESEGREGATION	60.8	72.1	11.3	18.6	60.8	72.1	11.3	18.6	100.0
EDUCATIONAL EXCELLENCE	242.1	247.9	5.8	2.4	242.1	247.9	5.8	2.4	100.0
EDUCATIONAL ADEQUACY	21.4	21.9	0.5	2.3	21.4	21.9	0.5	2.4	100.1
NET AVAILABLE	4,168.0	4,163.9	-4.1	-0.1	4,168.0	4,327.7	159.7	3.8	103.9

REVENUE FORECAST SUMMARY FOR APRIL

YEAR-TO-DATE GROSS	\$ 130.2 MILLION OR 2.5% ABOVE FORECAST
YEAR-TO-DATE NET AVAILABLE	\$ 163.8 MILLION OR 3.9% ABOVE FORECAST

SOFT DRINK EXCISE TAX	<u>YTD FY 14</u>	<u>YTD FY 15</u>	<u>% CHANGE</u>
(MEDICAID PROGRAM TRUST FUND)	36.7	34.8	-5.1
EDUCATIONAL ADEQUACY FUND	<u>YTD FY 14</u>	<u>YTD FY 15</u>	<u>% CHANGE</u>
(NET COLLECTIONS)	369.6	376.6	1.9

- 1) Miscellaneous includes severance, corporate franchise, real estate transfer, dyed diesel, and various other miscellaneous taxes.
2) State Central Services Fund and Constitutional Officers Fund.

APRIL GENERAL REVENUE REPORT
(ECONOMIC ANALYSIS AND TAX RESEARCH, DFA)
(682-1688 for further information)

April 30, 2015
Days Remaining: 0
Forecast date: 11/13/2014

MILLIONS OF \$

	CURRENT MONTH				CURRENT MONTH TO DATE				ACTUAL AS % OF FORECAST
	ACTUAL FY 2014	FORECAST FY 2015	CHANGE AMOUNT	PERCENT	ACTUAL FY 2014	ACTUAL FY 2015	CHANGE AMOUNT	PERCENT	
INDIVIDUAL INCOME	466.6	468.2	1.6	0.3	466.6	510.1	43.5	9.3	108.9
CORPORATE INCOME	61.1	43.4	-17.7	-29.0	61.1	66.5	5.3	8.7	153.1
SALES AND USE	182.8	184.4	1.6	0.9	182.8	190.0	7.3	4.0	103.0
ALCOHOLIC BEVERAGE	4.3	4.4	0.1	2.3	4.3	4.2	-0.1	-1.5	96.2
TOBACCO	19.2	16.4	-2.8	-14.7	19.2	19.6	0.4	1.9	119.5
INSURANCE	1.0	0.9	-0.1	-6.6	1.0	0.5	-0.5	-52.7	50.7
RACING	0.4	0.4	0.0	-3.3	0.4	0.4	0.0	-3.0	100.3
GAMES OF SKILL	3.9	4.1	0.2	6.4	3.9	4.8	1.0	25.3	117.8
MISCELLANEOUS ¹	5.4	5.6	0.2	3.4	5.4	5.1	-0.3	-5.7	91.2
TOTAL GROSS	744.7	727.8	-16.9	-2.3	744.7	801.2	56.5	7.6	110.1
LESS: (SCSF/COF) ²	24.6	23.2	-1.4	-5.6	24.6	25.6	1.1	4.3	110.5
IND INC TAX REFUNDS	110.8	117.4	6.6	5.9	110.8	110.7	-0.1	-0.1	94.3
CORP INC TAX REFUNDS	5.8	8.3	2.5	43.4	5.8	4.6	-1.1	-19.7	56.0
CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	0.0	2.4	2.4	0.0	0.0	1.3	1.3	0.0	54.2
WATER/SEWER BONDS	1.2	1.2	0.0	0.0	1.2	1.2	0.0	0.0	100.0
COLLEGE SAVINGS BONDS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CITY & COUNTY TOURIST	0.7	0.7	0.0	-0.2	0.7	0.7	0.0	-0.2	100.0
SCHOOL DESEGREGATION	5.0	6.0	1.0	20.0	5.0	6.0	1.0	19.6	99.7
EDUCATIONAL EXCELLENCE	24.2	24.8	0.6	2.4	24.2	24.8	0.6	2.4	99.9
EDUCATIONAL ADEQUACY	2.1	2.2	0.1	2.8	2.1	2.2	0.1	2.4	99.6
NET AVAILABLE	570.2	541.6	-28.6	-5.0	570.2	624.0	53.8	9.4	115.2

REVENUE FORECAST SUMMARY FOR APRIL

APRIL GROSS	\$ 73.4 MILLION OR 10.1% ABOVE FORECAST
APRIL NET AVAILABLE	\$ 82.4 MILLION OR 15.2% ABOVE FORECAST

EDUCATIONAL ADEQUACY FUND (NET DEPOSIT, MONTH-TO-DATE)	<u>April FY14</u> 40.0	<u>April FY15</u> 41.3	<u>% CH</u> 3.1
---	---------------------------	---------------------------	--------------------

- 1) Miscellaneous includes severance, corporate franchise, real estate transfer, dyed diesel, and various other miscellaneous taxes.
2) State Central Services Fund and Constitutional Officers Fund.